

REMARKS

Reconsideration of the pending application is respectfully requested on the basis of the following particulars:

In the claims

Claims 1, 3, 4, and 6 are amended to more clearly set forth the present invention, clarifying that the “state” of bank notes recited originally in the claims refers to a condition of degradation of the bank notes.

Support for this amendment is found throughout the specification, such as in paragraph [0027] on page 5.

In the specification

The specification is amended to provide literal antecedent basis for the amended claims, by substituting the phrase “condition of degradation” and the like for the term “state.”

It is respectfully submitted that one of ordinary skill in the art would recognize the term “state,” as used in the original specification, to relate to a physical condition of the bank notes. In particular, one skilled in the art would recognize that the term “state” refers to a state or condition of degradation such as a condition or degree of wear and tear of the bank notes. Accordingly, no new matter is added.

Rejection of claims 1-4, 6, 7, and 9 under 35 U.S.C. § 102(b)

Claims 1-4, 6, 7, and 9 presently stand rejected as being unpatentable over Baudat (U.S. 5,992,600). This rejection is respectfully traversed for at least the following reasons.

It is respectfully submitted that Baudat fails to disclose or suggest each and every element set forth in the presently pending independent claims 1 and 6, and therefore these claims, and their dependent claims, are not anticipated by Baudot.

More particularly, it is respectfully submitted that Baudat fails to disclose or suggest deriving a condition of degradation of a bank note by linking or combining the data of the at least two different properties the bank note.

Baudat is concerned with determining validity, or authenticity, of bank notes, with respect to their authenticity and type. However, Baudat does not consider or even refer to the actual condition of the bank note, and makes no evaluation or determination in any way of any condition of degradation of a bank note.

Moreover, it is respectfully submitted that Baudat does not disclose or suggest to link *two different properties* of a banknote to derive the condition of the bank note.

It is respectfully submitted that while the Examiner refers to Baudat's specification at column 4, lines 13-17 as providing a teaching of evaluating at least two different properties, this passage refers to "a plurality of *light sources* (e.g. LEDs) 20a, 20b, 20c" (emphasis added), but only to a single "sensor 21 which generates a corresponding output signal indicative of the diffuse reflected intensity."

Baudat's teaching of a plurality of *light sources* and a single corresponding light sensor does not provide any teaching or suggestion of evaluating at least *two different properties*.

Further, while the Examiner refers to Baudat's specification as providing a teaching of linking data of different properties, it is respectfully submitted that the passages cited by the Examiner only relate to deriving a plurality of measurements and combining the plurality of measurements. However, there is no teaching or suggestion that any of these plurality of measurements relate to at least two different *properties* of a bank note.

For at least these reasons, it is respectfully submitted that Baudat does not anticipate any of the presently pending claims, and therefore claims 1-9 are allowable over Baudat. Accordingly, withdrawal of the rejection is requested.

Rejection of claims 5 and 8 under 35 U.S.C. § 103(a)

Claims 5 and 8 presently stand rejected as being unpatentable over Baudat in view of Defeo et al. (U.S. 6,234,294). This rejection is respectfully traversed for at least the following reasons.

As discussed above, Baudat does not disclose or suggest each and every element of claims 1 and 6, and therefore neither anticipates nor renders obvious any of claims 1-9.

Further, it is respectfully submitted that Defeo also fails to disclose or suggest each and every element set forth in claims 1 and 6. More particularly, it is respectfully submitted that Defeo fails to disclose or suggest linking the data of at least two different properties of each bank note with each other, and deriving the condition of degradation of the bank note from the linked data of the different properties.

Defeo describes, referring to steps 1115, 1120, and 1125 shown in figure 11, that banknotes which have holes with a total area exceeding a certain threshold are sorted out by a “hole test.” Subsequently, and separately, Defeo performs a “soil test” for detecting soiling.

However, these tests are performed separately, such that Defeo separately evaluates each single property, and for each separate test if an individual threshold is exceeded a bank note is classified as being in bad condition. In other words, the “hole” and “soil” properties are evaluated independently.

Therefore, Defeo fails to disclose or suggest linking data of at least two different properties of bank note with each other, and deriving the condition of degradation of the bank note from the linked data of the different properties.

As discussed above, this feature is absent from Baudat as well. Therefore, it is respectfully submitted that Baudat and Defeo together fail to form a *prima facie* case of obviousness of the presently claimed invention, since these references even in combination fail to disclose or suggest each and every element of the claims.

Moreover, it is respectfully submitted that there is lacking any teaching, motivation, suggestion, or any other basis for the combination of these references.

As the Examiner has observed, "Baudat fails to disclose bank note condition detection." (at page 2 of the Office action). While the Examiner states that "it would have been obvious to one of ordinary skill in the art at the time the invention was made to incorporate the condition detection operation of Defeo into the machine of Baudat for the purpose of determining the bank note condition," since Defeo does not teach or suggest combining two different properties to obtain a condition (or a condition of degradation) of a bank note.

Therefore, simply combining these references (adding Defeo's sequential and independent hole and soil tests) to Baudat's machine would not result in the present invention.

Further, modifying Baudat to substitute Defeo's hole and soil tests for the validity evaluations of Baudat would entirely change the principle of operation of Baudat from one of identifying valid or invalid (counterfeit) notes to one of evaluating properties of wear and tear from which no assessment of validity can be made, thereby further rendering Defeo unsatisfactory for its intended purpose.

Simply adding Defeo's teachings to Baudat does not arrive at the presently claimed invention, and Baudat cannot be modified according to Defeo's teachings to arrive at the presently claimed invention without rendering Baudat unsatisfactory for its intended purpose and changing a fundamental principle of operation, if at all.

For at least these reasons, it is respectfully submitted that Baudat and Defeo fail to form a *prima facie* case of obviousness of the presently claimed invention, and therefore claims 1-9 are all allowable over these references. Accordingly, withdrawal of the rejection is requested.

Conclusion

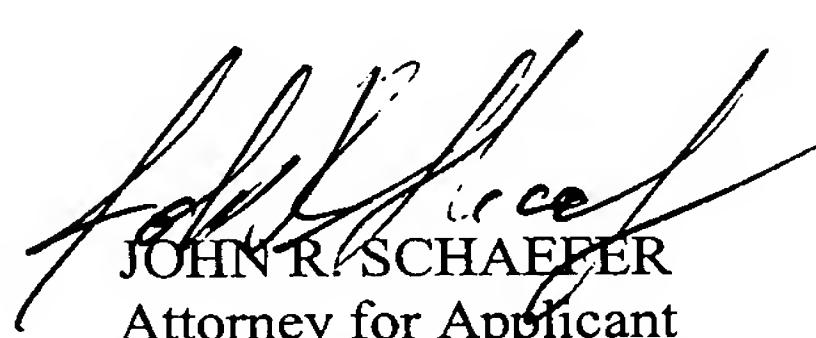
In view of the amendments to the claims, and in further view of the foregoing remarks, it is respectfully submitted that the application is in condition for allowance. Accordingly, it is requested that claims 1-9 be allowed and the application be passed to issue.

If any issues remain that may be resolved by a telephone or facsimile communication with the Applicant's attorney, the Examiner is invited to contact the undersigned at the numbers shown.

Respectfully submitted,

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Date: February 4, 2008



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